

The Transformation of Globalization: Japan's Role in a Post-Global Era

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The Transformation of Globalization

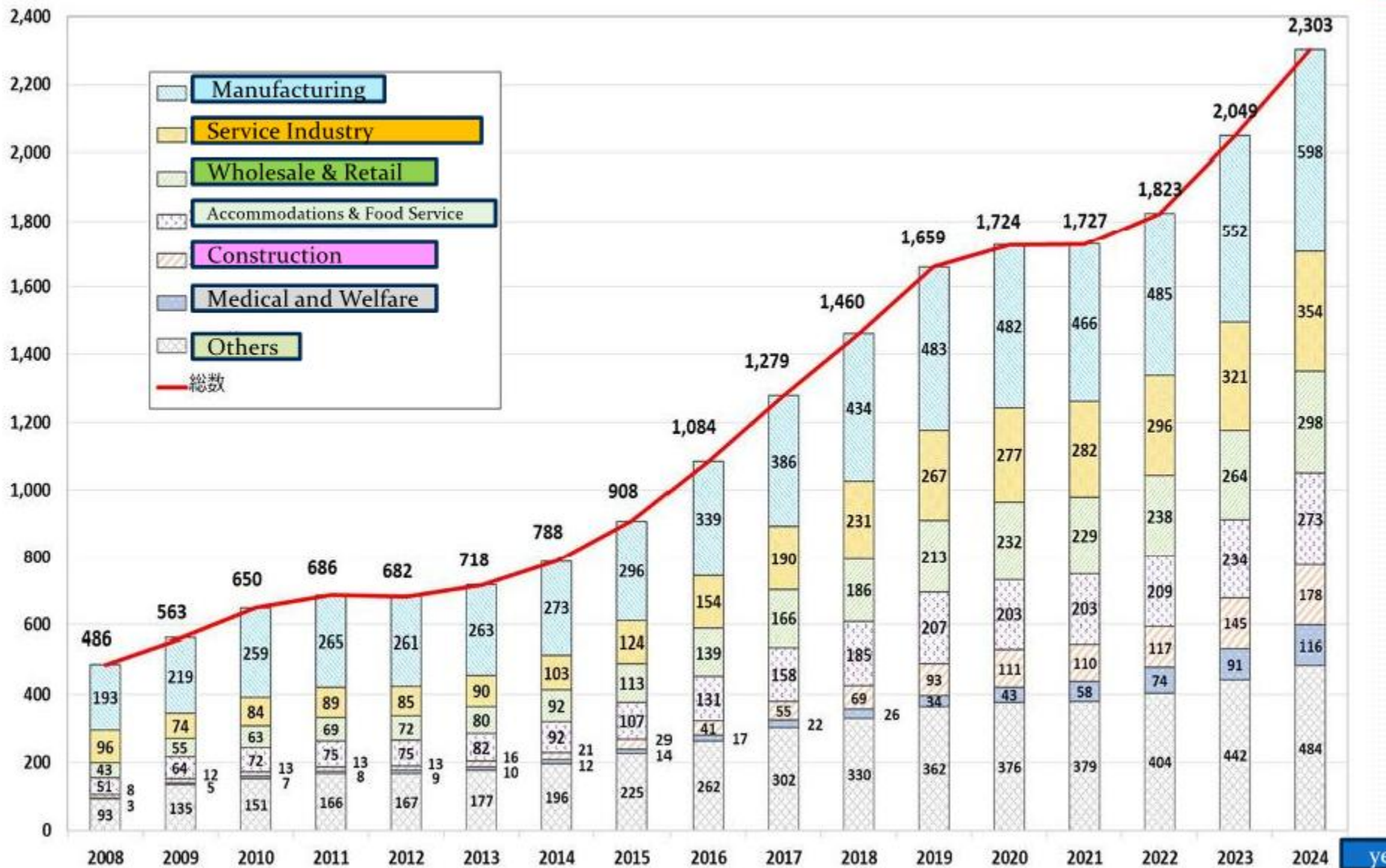
- Globalization once defined by trade, capital, and cultural exchange.
- Now entering a new phase driven by disruptions:
 - Pandemic shocks
 - Climate crisis
 - Geopolitical rivalry
 - Digital revolution
- We must rethink globalization's promises: freedom, dignity, cooperation, solidarity.

A Dual Reality: Interdependence & Retrenchment

☆ Interdependence continues: trade, investment, and information flows persist.

- Japan imports raw materials from abroad to produce industrial goods, which it then sells to other countries. It also imports a large amount of food from overseas. Trade with other countries supports the livelihoods of the Japanese people.
- Exports account for about 18% of Japan's GDP.
- In Japan's domestic industries, several amount of foreign workers are employed. The manufacturing, medical & welfare, and agricultural sectors can no longer function without foreign labor.

Number of Foreign Workers by Industry



- The chart shows the trend in the number of foreign workers in Japan from 2008 to 2024.
- The total number increased from 486,000 in 2008 to 2.3 million in 2024.
- The red line represents the total number of foreign workers.
- Manufacturing continues to employ the largest share of foreign workers.
- Rapid increases in service, construction, and medical/welfare sectors.

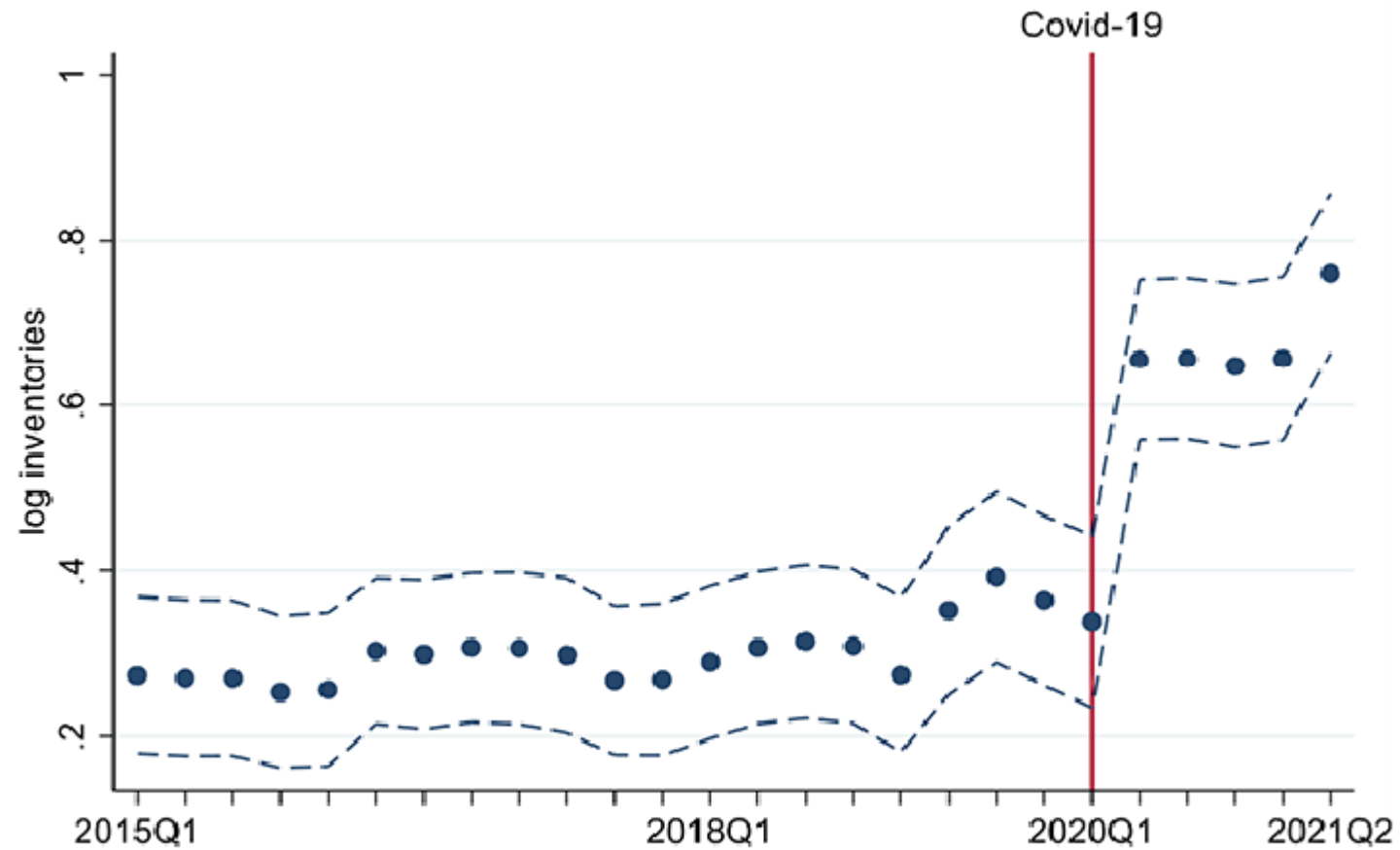
Retrenchment

Evidence of Challenge and Fragmentation

☆ Retrenchment emerges : regional blocs, friend-shoring, reconfiguration.

- Japan is restructuring its global value chains.
- Pandemic impact:
80% input disruption from China → 15% production drop in Japan.
- Response: Shift from 'Just-in-Time' to 'Just-in-Case'.
- Policy support: METI & JETRO promote reshoring, ASEAN/India+1.
Approaches to reduce dependence on China.

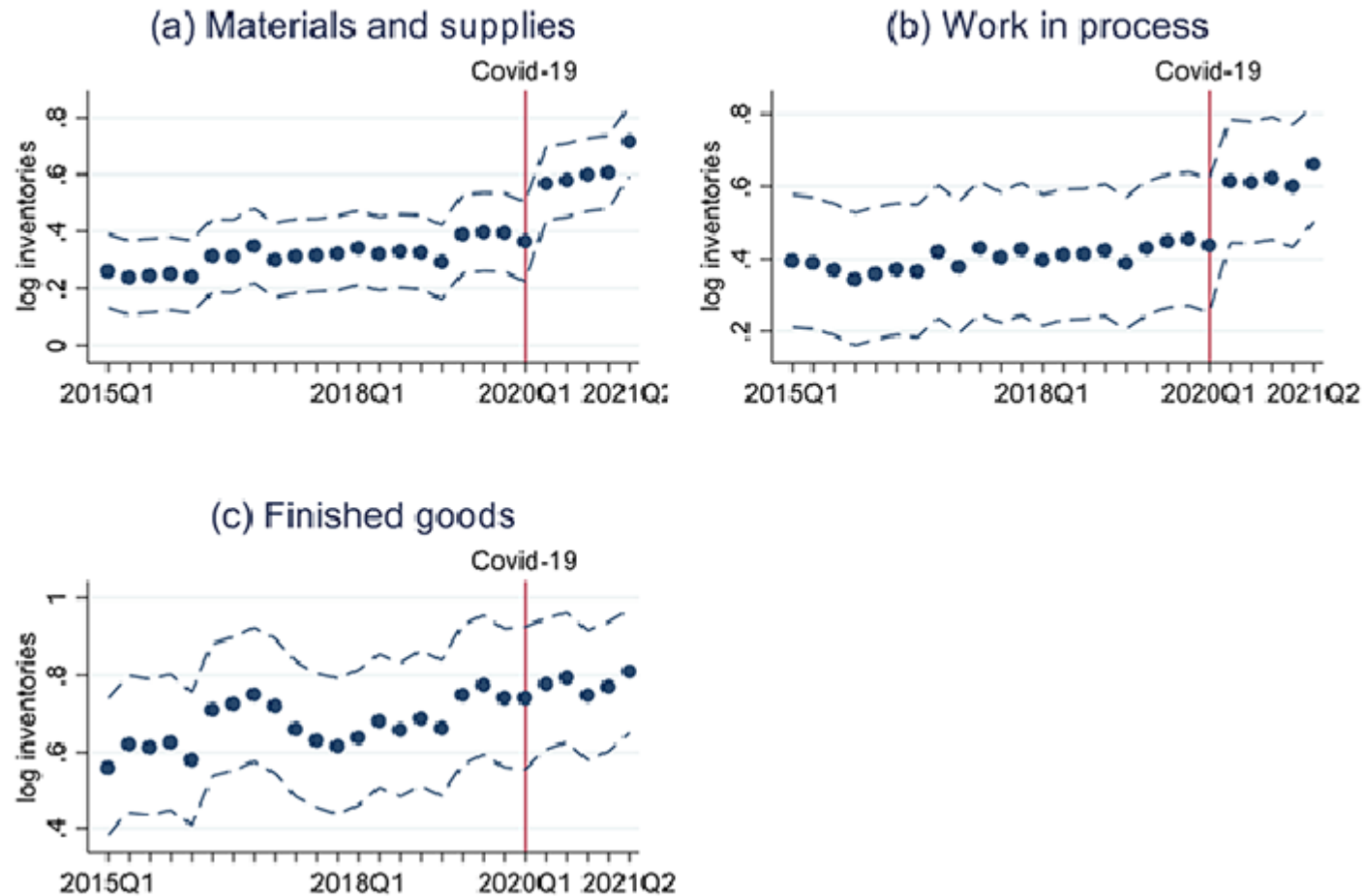
Figure 2 Importers increase their inventories after the pandemic



Notes: This figure plots the estimates of the importer-time dummy variables for the period from Q1 2015 to Q2 2021, controlling for firm size, industry-time, and region-time fixed effects. Dotted lines represent the 95% confidence intervals.

Source: Zhang & Doan [2023]

Figure 3 Importers increase all three types of inventories after the pandemic



Notes: This figure plots the estimates of the importer-time dummy variables for the period from Q1 2015 to Q2 2021, controlling for firm size, industry-time, and region-time fixed effects. Dotted lines represent the 95% confidence intervals.

Source: Zhang & Doan [2023]

Semiconductor sector:

regional/domestic production for resilience

- The case of Japan's semiconductor industry illustrates the shift: although globally integrated for decades, pressures from supply chain risk and strategic competition mean Japan is pursuing more domestic and regionally secure production bases.
- These Japanese-specific examples serve to illustrate how globalization is being re-shaped rather than simply expanded.

Rethinking Globalization's Purpose

- ☆The key question: what new form is globalization taking?
- Can it still advance dignity, solidarity, and responsibility?
- Japan's approach illustrates the balance between resilience and moral responsibility.

Table 1. *Global semiconductor market revenue ranking (1990–2020)*

			1990		2000		2010		2020			
1	NEC*	Japan	4322	Intel	US	29,570	Intel	US	41,430	Intel	US	72,759
2	Toshiba*	Japan	4202	Toshiba*	Japan	11,214	Samsung Electronics	Korea	28,256	Samsung Electronics	South Korea	57,729
3	Motorola	USA	3539	NEC*	Japan	11,081	Toshiba*	Japan	12,376	SK hynix	South Korea	25,854
4	Hitachi*	Japan	3516	Samsung Electronics	South Korea	10,800	Texas Instruments	USA	12,356	Micron Technology	USA	22,037
5	Intel	USA	3171	Texas Instruments	USA	9100	Renesas Electronics*	Japan	10,368	Qualcomm	USA	17,632
6	Fujitsu*	Japan	2599	Motorola	USA	8000	Hynix Semiconductor	South Korea	10,350	Broadcom	USA	15,754
7	Texas Instruments	USA	2574	STMicroelectronics	Switzerland	7948	STMicroelectronics	Switzerland	10,290	Texas Instruments	USA	13,619
8	Mitsubishi*	Japan	2108	Hitachi*	Japan	7282	Micron Technology	USA	8884	MediaTek	Taiwan	10,988
9	Philips	Netherlands	1955	Hyundai	South Korea	6887	Qualcomm	USA	7167	NVIDIA	USA	10,643
10	Matsushita*	Japan	1826	Infineon Technologis	Germany	6715	Infineon	Germany	6680	KIOXIA* (Toshiba)	Japan	10,374
				Others		113,305	Others		152,156	Others		208,848

Note: The country and region indicate the location of the headquarters of each company. Foundries like TSMC are not included in this ranking.

Source: Gartner, Inc.

*Japanese

Source: Nakamura [2022]

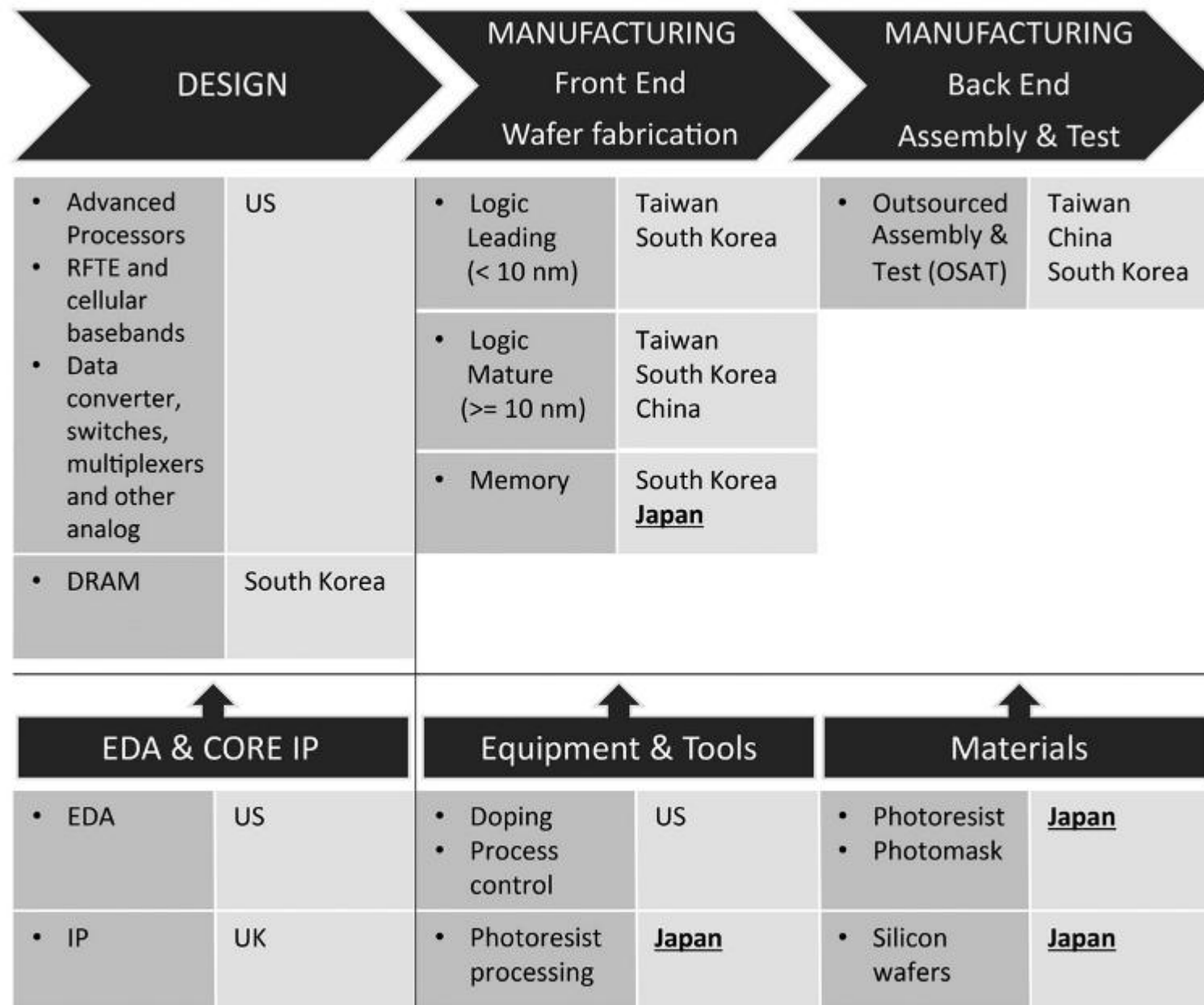


Figure 1. Main players in the supply chain of the semiconductor and semiconductor-related industries.
Source: Based on SIA and BCG (2021).

Source: Nakamura [2022],

Freedom, Dignity, and Global Solidarity

- Japan remains a highly globalized economy that depends on trade, foreign investment and global supply chains.
- On the other hand, the shifts from overseas to domestics reflect a change of emphasis: resilience, national/strategic security, supply-chain autonomy. If this tilt becomes too strong, there is a risk that global solidarity weakens — that the responsibility to vulnerable others (whether abroad or within supply chains) is reduced.
- If Japanese firms reduce overseas sourcing or relocate production back to Japan without integrating concerns of human rights, labor standards or environmental sustainability globally, then global dignity and cooperation may suffer.

Human Development in the Post-Global Era

☆Three Key Qualities:

- 1. Resilient Interdependence – trust-based, transparent cooperation.
- 2. Inclusive Growth & Human-Centered Technology – tech serving people.
- 3. Solidarity as Active Commitment – ethical supply chains, global partnerships.

Japan's Path to Ethical Globalization

- Regional value chains uplifting ASEAN & India.
- Advancing climate responsibility and transparency.
- Promoting global health cooperation and ethical tech partnerships.
- From cost-efficiency to cooperative resilience.

Possibility to Change Behaviors of Firms

- At the request of shareholders, corporations pursue short-term profits. As a result, wealth disparity is occurring.
- Wealth disparity creates large numbers of poor people and amplifies social unrest.
- The actions of Japan's long-established companies provide a useful reference.
- It is said that Japan has 50,000 companies with a history of over 100 years.

Experiences of Long-established Companies in Japan

- Long-established companies have valued their relationships with customers. Therefore, when a company faced hardship, customers reached out to help. That is why they were able to survive.
- Profit is not the goal, but rather a result.
- The purpose of a company is customer satisfaction. It is to provide goods and services that improve or solve the problems customers face.



Long-term Perspective

- **More than 50,000 companies have more than 100-year history.**
- **The oldest company in the world exists in Japan. A construction company, Kongogumi was established in 578.**
- **The Japanese people respect firms with a long history.**
- **Those companies have succeeded in surviving for a long period because they have been keeping good relationship with customers.**
- **Those companies have survived by valuing their core business while boldly taking on new challenges.**



Shotokutaishi,
a son of the Emperor

Shiten'noji



When Shotokutaishi constructed Shiten'noji in Osaka in the 6th century, he invited three carpenters from the Korean Peninsula. One of them was the founder of Kongogumi.

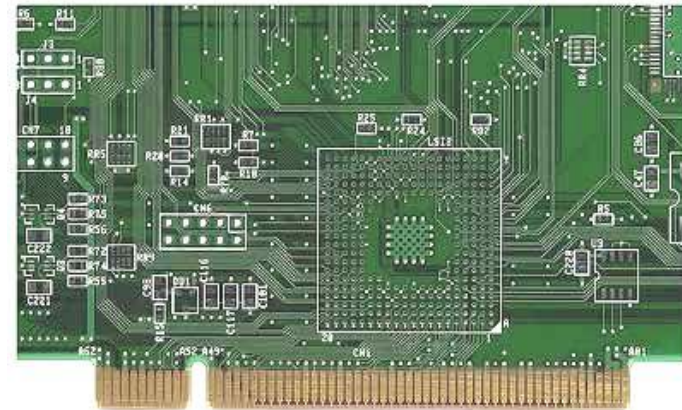
Murakami Corporation

- Producer of Mirror Systems for Automobile
- Established in 1882 to produce decorative metallic parts,
- started business with Toyota Motor Co. in 1958
- The biggest mirror system supplier for Toyota



FUKUDA METAL FOIL & POWDER

- Established in 1700 to trade metal leaf/powder in Kyoto
- Printed circuit boards for cellular phones



Higeta Shoyu (soy source)

- Established in 1616 as a producer of soy source
- This company still produces soy source. Additionally, it develops bio-technology like an injection of EGF.



Injection of EGF causes temporary halt of hair growth followed by weakening of the juncture between skin and hair.

<https://www.youtube.com/watch?v=zy3Rh0rYvUE&t=20s>

- Every traditional company like Mitsui and Sumitomo has its code to become a good member of the society.



The company code was united in 1722

- **Ideas of Corporate Social Responsibility (CSR) can be observed in company codes since 18th century.**
- **e.g. “three-way satisfaction” by Ohmi merchants**
Business must bring benefits not only to sellers and buyers, but also to the local community.
- **Ohmi merchants recognized importance of intelligence.**

Famous firms whose origins are
Ohmi merchants

Itochu (trading company)

Marubeni (trading company)

Takeda (pharmaceutical company)

Takashimaya (department store)

Toray (textile manufacturer)





Conclusion

- We live in a re-globalizing era, not early 21st-century globalization.
- Global links endure but are redefined for resilience and solidarity.
- Japan exemplifies this redesign.
- Key choice: fragmentation or solidarity?
- Japan can help lead a sustainable, equitable global future.

Discussion Questions

- 1. How can Japan balance supply-chain security with global solidarity?
- 2. What policies best promote ethical and resilient globalization?
- 3. How can human dignity remain central amid digital and geopolitical change?

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